

EXHIBIT D

What is a Medical Marijuana Cooperative?

The new medical marijuana cooperative laws eliminate collective gardens on July 1, 2016. New rules are being finalized to reflect these changes and provide clarification on how cooperatives will be registered and the requirements for operating a cooperative. Up to four patients or their designated provider(s) who are entered into the Medical Marijuana Authorization Database and receive a registration card can join together to form a cooperative. Patients who participate in a cooperative grow may grow the total number of plants authorized for the participants on their recognition cards, not to exceed 60 plants for the group.

Membership

- No more than four members are allowed in one cooperative
- All patients or designated providers in the cooperative must be at least 21 years old
- All members must hold valid recognition cards through entry into the database
- May grow the total number of plants authorized for the participants on their recognition cards, not to exceed 60 plants for the group
- A member may only belong to one cooperative
- A member may only grow their plants in a cooperative, not anywhere else
- Members may not sell or give away marijuana or its products to anyone who is not a member of the cooperative

Location

- The cooperative may not be located:
 - Within one mile of a licensed marijuana retailer
 - Within 1,000 feet of schools, playgrounds, recreation centers, child care centers, public parks, public transit centers, libraries, or any game arcade where admission is not restricted to persons 21 years of age or older; or
 - Where prohibited by a city, town, or county zoning provision
- The cooperative must be:
 - Located at one of the member's domicile
 - Limited to one cooperative per tax parcel
 - If it is an outdoor grow it must be obscured from public view and enclosed by an eight feet high fence

Record keeping

The lead member of the cooperative must:

- Maintain record keeping

- Notify the WSLCB within 15 days of removing or adding a member
- Allow 60 days to pass before adding a new member to the cooperative after the departure of a previous member

Plants

Cooperatives must purchase their plants from a marijuana producer licensed by the LCB.

Frequently Asked Questions

Compliance Checks

How do home compliance checks work?

LCB officers will conduct inspections between the hours of 8:00 AM and 8:00 PM. The objective of the inspection will be to verify that a cooperative is complying with all laws and rules governing the cooperative. Officers will inspect marijuana plants and product, floor plan requirements (e.g., fencing, etc.), records, verify that cooperative members meet the requirements in [RCW 69.51A.250](#) and confirm that no marijuana is being illegally diverted from the cooperative.

How will you choose compliance checks? Will they be random, complaint driven, or will everyone get one?

Every cooperative should expect to have a premises check conducted by LCB officers. Premises checks can be conducted randomly but may also be complaint driven.

Are there restrictions on what an officer can do during a compliance check?

LCB officers operate within the parameters of the 4th Amendment and Article 1, Section 7 of the Washington State Constitution's protections against unreasonable searches and seizures. Officers will only inspect areas where plants are grown, marijuana product is stored, and cooperative records are kept. Officers will not search areas in which they have no reason to believe marijuana or cooperative records are kept or stored.

What are the rights of the medical marijuana patients in regards to compliance checks?

Can cooperatives refuse entry or limit access?

[RCW 69.51A.250](#)(9) and WAC 314-55-410(3) state that LCB officers may inspect the premises. This will be done during reasonable hours (proposed rule states between 8:00 a.m. and 8:00 p.m.) and only for the reason of verifying that a cooperative is in compliance with medical marijuana laws and rules. If you have questions regarding refusal of entry, you should seek the advice of a private attorney as we can't give you legal advice.

What will officers be looking for?

During inspections, officers will be monitoring the cooperative for compliance with [chapter 69.51A RCW](#) and rules within [chapter 314-55 WAC](#) that regulate cooperatives. Any enforcement action taken would depend on the type and severity of the violations observed. Failure to comply with medical marijuana laws may constitute a violation of [chapter 69.50 RCW](#). Unlawful activity could result in revocation of a cooperatives registration, seizure of marijuana, and criminal penalties.

Database

Will patients be allowed to access the database to see who has requested their information?

Questions about the database should be directed to the state Department of Health, which is the agency with oversight of it. Access to the medical marijuana authorization database can only be done for reasons listed in [RCW 69.51A.230](#). That law doesn't give patients direct access to the database but does allow them to request information on any person who has queried their name or information. Any other access is a felony, punishable under [RCW 69.51A.240](#). You can find more information about the database [here](#).

Under what reasons could a cooperative application be denied?

An application for a marijuana cooperative may be denied for failure to submit the required documents listed below. A marijuana cooperative's registration may also be revoked for failing to comply with the provisions of chapters [69.51A RCW](#) and [314-55 WAC](#).

What happens if a currently operating cooperative fails to register?

Per the law, a marijuana cooperative must be registered with the LCB ([RCW 69.51A.250\(2\)](#)). If a growing operation has the characteristics of a cooperative and operates without registering the people connected with that operation could face prosecution for a class C felony under [RCW 69.50.401](#). Penalties could include arrest, destruction of marijuana, and seizure and forfeiture of property under [RCW 69.50.505](#).

Do all people in the cooperative need to be patients? Can someone who is not a patient help and be part of the cooperative?

Only qualifying patients or designated providers with recognition cards and registered with the LCB may participate in growing or receive useable marijuana or marijuana-infused products grown at the cooperative. Besides qualified patients, only designated providers may help with a marijuana cooperative.

How many plants can be grown at a residence without being a registered cooperative?

A patient with a health care provider's authorization may grow, in his or her domicile, up to six plants for the personal medical use of the qualifying patient and possess up to eight ounces of useable marijuana produced from his or her plants. If the health care professional determines that the medical needs of a qualifying patient exceed these amounts, the health care professional must specify on the authorization that it is recommended that the patient be allowed to grow, in his or her domicile, up to fifteen plants for the personal medical use of the patient, in which case the patient may possess up to sixteen ounces of useable medical marijuana in his or her domicile. RCW 69.51A.210. Persons under the age of 18 may not grow plants themselves. RCW 69.51A.220.

What's the difference between having/not having a recognition card?

Recognition cardholder:

- May purchase three times the recreational possession limits
- May possess 6 plants per patient and up to 15 if authorized by health care provider
- Purchases of products identified by the Department of Health at retail stores with medical marijuana endorsements are not subject to sales tax (but are subject to excise tax)

- May participate in a cooperative

Non Cardholder:

- Restricted to purchasing the recreational possession limits
- May only possess four plants per patient
- Purchases of products identified by the Department of Health at retail stores with medical marijuana endorsements are subject to sales tax and excise tax
- May not participate in a cooperative.

Do registered patients growing for themselves need to go through a home compliance check?

Patients who do not register as cooperatives are not subject to the same conditions as those who do register making compliance checks unlikely. However, if there was a complaint from a neighbor or some other condition that would notify the LCB or local law enforcement that a person had more plants than allowed under the law, then there may be an investigation surrounding that. The law relating to cooperatives is RCW 69.51A.250.

Rules regarding cooperatives:

WAC 314-55-410 Cooperatives.

(1) A cooperative may be formed by qualifying patients and/or designated providers to share responsibility for growing and processing marijuana only for the medical use of the members of the cooperative. A cooperative must meet the following criteria:

- (a) All members must be at least twenty-one years of age. The designated provider of a qualifying patient under twenty-one years of age may be a member of a cooperative on the qualifying patient's behalf;
- (b) All members must hold valid recognition cards;
- (c) No more than four members are allowed in a cooperative;
- (d) A member can only belong to one cooperative;
- (e) A member may only grow plants in the cooperative and may not grow plants elsewhere;
- (f) Members must participate in growing plants. A monetary contribution or donation is not considered assistance. Members must provide nonmonetary resources and assistance in order to participate;
- (g) Members may grow up to the total amount of plants for which each member is authorized on their recognition cards. At the location, the qualifying patients or designated providers may possess the amount of usable marijuana that can be produced with the number of plants permitted, but no more than seventy-two ounces;
- (h) Members may not sell, donate, or otherwise provide marijuana, marijuana concentrates, usable marijuana, or other marijuana-infused products to a person who is not a member of the cooperative;

- (i) A cooperative may not be located within a one mile radius of a marijuana retailer;
 - (j) A cooperative must be located in the domicile of one of the members. Only one cooperative may be located per property tax parcel; and
 - (k) To obscure public view of the premises, outdoor marijuana production must be enclosed by a sight obscure wall or fence at least eight feet high.
- (2) People who wish to form a cooperative must register the location with the WSLCB. The location registered is the only location where cooperative members may grow or process marijuana. To register a cooperative a registered member must:
- (a) Submit a completed Marijuana Cooperative Registration Form;
 - (b) Submit copies of each member's recognition card;
 - (c) Submit a deed, lease, rental agreement, or other document establishing ownership or control to the property where the cooperative is located. If the property is leased or rented, a sworn statement of the property owner granting permission to engage in a cooperative must also be submitted and must include a telephone number and address where the owner can be contacted for verification;
 - (d) Submit a sketch outlining where the medical marijuana is grown.
- (3) WSLCB may inspect a cooperative between the hours of 8:00 a.m. and 8:00 p.m. unless otherwise agreed upon by cooperative members.
- (4) If a person or persons seeking to register the cooperative fails to meet the requirements of a registered cooperative as provided in this section, the WSLCB will deny the cooperative registration.
- (5) If the WSLCB finds a registered cooperative violated the requirements of this section, the WSLCB will revoke the cooperative's registration.
- (6) A person may request an administrative hearing to contest a denial of registration or a revocation of a cooperative's registration under subsections (4) and (5) of this section as provided in chapter 34.05 RCW.

WAC 314-55-415 What are the recordkeeping and reporting requirements for cooperatives?

- (1) Marijuana cooperatives must keep records that clearly reflect all activity, inventory, and conditions of the OTS-7401.4 cooperative. The following records must be kept in a format prescribed by the WSLCB. All records must be maintained on the cooperative premises for a three-year period and must be made available for inspection if requested by an employee of the WSLCB, the department of health, the department of revenue, or local law enforcement.
- (a) Cooperatives must maintain a plant log to track each marijuana plant from the time it enters the cooperative. At minimum, tracking must include:
 - (i) Unique plant identification numbers for each plant at the cooperative;
 - (ii) The date the plant was brought into the cooperative; and

(iii) The date the plant leaves the cooperative, including the reason, (e.g., harvested, destroyed, or member left the cooperative).

(b) Cooperatives must maintain a log to track all harvested plant material from time of harvest until all harvested material has been dispersed. At minimum, tracking must include:

- (i) A unique identification number for each harvest;
- (ii) The total dry weight of harvested material;
- (iii) The date quantities are removed from the harvested material;
- (iv) The amount removed from the harvested material;
- (v) The reason quantities are removed from the harvested material (e.g., taken for use by qualifying patient, used for extraction, etc.); and
- (vi) The current weight of the harvested material.

(c) Cooperatives must maintain a log to track all extracts produced from the time they are produced until all extracted material has been dispersed. At minimum, tracking must include:

- (i) A unique identification for the extract batch;
- (ii) The date the extract batch was created;
- (iii) The total initial weight of the extract batch;
- (iv) ID number of the harvest the material used to make the extract came from;
- (v) The weight of marijuana plant material used to create the batch;
- (vi) The date quantities are removed from the extract batch;
- (vii) The quantity removed from the extract batch and reason; and
- (viii) The current weight of the extract batch.

(2) Cooperatives must submit monthly activity report(s) to the WSLCB. The required monthly reports must be:

- (a) On an electronic system designated by the WSLCB;
- (b) Filed every month, including months with no activity;
- (c) Submitted to the WSLCB on or before the twentieth day of each month, for the previous month. (For example, a report listing activity for the month of January is due by February 20th.); (d) Filed separately for each cooperative; and
- (e) All records must be maintained and available for review for a three-year period on licensed premises.